

**LEGISLATIVE SERVICES AGENCY  
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**FISCAL IMPACT STATEMENT**

**LS 6832**

**BILL NUMBER:** HB 1415

**NOTE PREPARED:** Jan 26, 2009

**BILL AMENDED:**

**SUBJECT:** Tax Deduction for Solar-Powered Roof Vents and Fans.

**FIRST AUTHOR:** Rep. VanDenburgh

**FIRST SPONSOR:**

**BILL STATUS:** 2<sup>nd</sup> Reading - 1<sup>st</sup> House

**FUNDS AFFECTED:** X **GENERAL**  
**DEDICATED**  
**FEDERAL**

**IMPACT:** State & Local

**Summary of Legislation:** This bill provides an individual income tax deduction of up to \$5,000 for the installation of solar-powered roof vents or fans.

**Effective Date:** January 1, 2009 (retroactive).

**Explanation of State Expenditures:** The Department of State Revenue will incur additional expenses to revise tax forms, instructions, and computer programs to reflect the new tax deduction. The Department's current level of resources should be sufficient to implement this change.

**Explanation of State Revenues:** (Revised) *Summary* - This bill provides an Adjusted Gross Income (AGI) tax deduction to individual taxpayers for the purchase and installation of solar-powered roof vents or fans beginning in tax year 2009. The tax deduction will decrease revenue to the General Fund by an indeterminable amount beginning in FY 2010 and is equal to the lesser of the cost for materials and labor for the installation of solar-powered roof vents or fans, or \$5,000. If 5,000 individuals claim deductions, then revenue could potentially decrease by \$255,000 to \$850,000. If 10,000 individuals claim deductions, then revenue could potentially decrease by \$510,000 to \$1.7 M.

**Background Information** - The costs of solar-powered roof vents or fans vary by size and can range, on average, from \$495 to \$695, including a \$30 small attic fan to \$5,200 for large homes and industrial-use fans. An average-sized home would require two fans. If the fans are installed by a third party, average costs from the purchase and installation of solar-powered roof vents or fans would be approximately \$1,500. Revenue loss due to the tax deduction could be less to the extent that purchasing and installation costs are less than

the average. Revenue from the AGI tax on individuals is deposited in the state General Fund.

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:** Because the deduction would serve to decrease taxable income, counties imposing local option income taxes could potentially experience a significant decrease in revenue from these taxes.

**State Agencies Affected:** Department of State Revenue.

**Local Agencies Affected:** Counties with local option income taxes.

**Information Sources:** (Revised) Bill Keith, Sunrise Solar, Inc., 219-558-2211; [www.solarhome.org](http://www.solarhome.org).

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